

## 294 - PROPERTY AND CASUALTY RISK INTERNAL SERVICE FUND

### Operational Summary

#### Description:

The Property & Casualty Risk Internal Service Fund is a division of the CEO/Office of Risk Management whose mission is to preserve and protect the human and capital assets of the County of Orange.

#### At a Glance:

Total FY 2004-2005 Projected Expend + Encumb:	19,589,273
Total Recommended FY 2005-2006	33,154,403
Percent of County General Fund:	N/A
Total Employees:	12.00

#### Strategic Goals:

- It is the goal of the Property & Casualty Risk Internal Service Fund to reduce costs associated with property damage, personal injury, and litigation. This goal is achieved by acquiring commercial insurance, effective liability claims management, prudent administration of the self-insured Liability Program, and providing risk assessment and risk avoidance consultation services to all County departments.

#### Key Outcome Indicators:

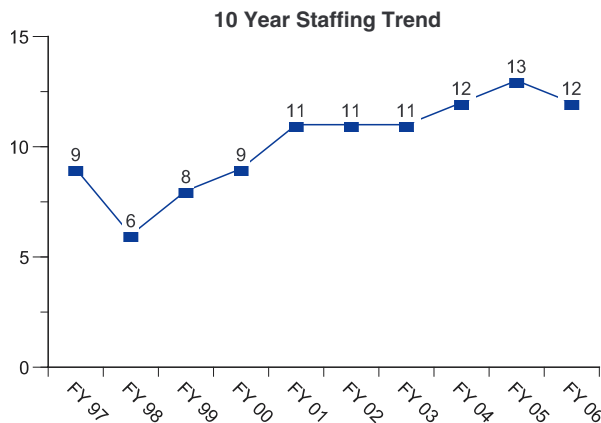
Performance Measure	2004 Business Plan	2005 Business Plan	How are we doing?
	Results	Target	
<b>RELATIVE COST OF LIABILITY CLAIMS AND INSURANCE PROGRAM.</b> <b>What:</b> Shows the total expenditures of this program as a percent of total county expenditures. <b>Why:</b> Provides a constant measure of costs for all County departments.	Cost of Liability Claims and Insurance Program was .54% of total county expenditures.	Remain 1% of total county expenditures.	Liability Claims and Insurance Program costs for FY 2003-2004 were .54% of total county expenditures, far less than the benchmark.

#### FY 2004-05 Key Project Accomplishments:

- Successfully placed all required commercial insurance for diverse and complex county needs.
- Increased insurance consultations and support in contract protections, insurance requirements, and program design to reduce risk of loss and cost.
- Obtained Board of Supervisors approval to purchase volunteer insurance to limit the County's liability exposure.

**Property & Casualty Risk ISF** - The Property & Casualty Risk ISF administers and manages the County's Liability Claims Management Program, the Insurance and Financial Management Program, and the Americans with Disabilities Act (ADA II) Compliance Program.

### Ten Year Staffing Trend:



### Ten Year Staffing Trend Highlights:

- In FY 2004-2005 a position was transferred to Resources and Development Management Department to support their insurance review process. Previous years staff increases were due to increased insurance consultations and support, increased fiscal analysis and reporting, shortened time frames for claim management and increasing responsibilities of the program.

## Budget Summary

### Plan for Support of the County's Strategic Priorities:

Support the overall mission of the County Executive Office and Strategic Financial Plan.

### Proposed Budget History:

Sources and Uses	FY 2003-2004	FY 2004-2005	FY 2004-2005	FY 2005-2006	Change from FY 2004-2005	
	Actual	Budget As of 3/31/05	Projected <sup>(1)</sup> At 6/30/05	Recommended	Projected Amount	Percent
Total Positions	-	12	12	12	0	0.00
Total Revenues	36,052,306	33,320,209	32,244,132	33,154,403	910,271	2.82
Total Requirements	20,546,076	33,320,299	19,588,886	33,154,403	13,565,517	69.25
Balance	15,506,230	(90)	12,655,246	0	(12,655,246)	-100.00

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2004-05 projected requirements included in "At a Glance" (Which exclude these).

Detailed budget by expense category and by activity is presented for agency: Property and Casualty Risk Internal Service Fund in the Appendix on page page 685

### Highlights of Key Trends:

- The budgeted appropriations reflected above included unrestricted net assets.
- Complexity and diversity of liability claims continues to increase.
- The overall costs of commercial insurance is leveling in comparison to previous years insurance renewals.

## 294 - Property and Casualty Risk Internal Service Fund

### Operation of Internal Service Fund Operational Statement for the Fiscal Year 2005-2006

		FY 2003-2004	FY 2004-2005	FY 2005-2006	FY 2005-2006
Operating Detail		Actual	Estimate	Proposed Budget	Final Budget
(1)		(2)	(3)	(4)	(5)
<b>OPERATING INCOME</b>					
7710	Insurance Premiums	14,143,730	15,985,544	19,648,066	19,648,066
	<b>Total OPERATING INCOME</b>	14,143,730	15,985,544	19,648,066	19,648,066
<b>OPERATING EXPENSES</b>					
Salaries & Benefits					
0100	Salaries and Wages	1,483	0	0	0
0101	Regular Salaries	688,754	675,695	733,174	733,174
0102	Extra Help	0	81	0	0
0103	Overtime	3,928	3,238	5,000	5,000
0104	Annual Leave Payoffs	32,009	7,576	52,924	52,924
0110	Performance Incentive Pay	738	48	6,596	6,596
0200	Retirement	83,085	104,881	126,700	126,700
0301	Unemployment Insurance	1,134	(829)	1,089	1,089
0305	Salary Continuation Insurance	1,918	1,784	1,948	1,948
0306	Health Insurance	87,535	77,387	82,668	82,668
0308	Dental Insurance	3,679	3,387	3,648	3,648
0309	Life Insurance	606	756	768	768
0310	Accidental Death and Dismemberment Insurance	111	133	144	144
0319	Other Insurance	5,107	4,685	4,992	4,992
0352	Workers Compensation - General	4,836	11,088	6,664	6,664
0401	Medicare	7,730	6,645	7,187	7,187
	<b>Total Salaries &amp; Benefits</b>	922,653	896,555	1,033,502	1,033,502
Services & Supplies					
0700	Communications	1,770	1,000	20,000	20,000
0701	Telephone/Telegraph - Interfund Transfer	11,805	10,148	0	0
1000	Household Expense	0	14,112	17,000	17,000
1100	Insurance	9,818,279	9,223,217	10,222,540	10,222,540
1300	Maintenance - Equipment	36	2,406	4,000	4,000
1400	Maintenance - Buildings and Improvements	304	16,800	30,000	30,000
1402	Minor Alterations and Improvements	1,037	9,850	0	0
1600	Memberships	570	1,000	2,000	2,000
1800	Office Expense	14,530	16,141	30,000	30,000

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		FY 2003-2004	FY 2004-2005	FY 2005-2006	FY 2005-2006
Operating Detail		Actual	Estimate	Proposed Budget	Final Budget
(1)		(2)	(3)	(4)	(5)
1801	Duplicating Services (RDMD/ Reprographics)	1,006	1,445	0	0
1802	Periodicals and Journals	1,024	0	0	0
1803	Postage	1,800	1,800	0	0
1809	Minor Office Equipment to be Controlled	1,450	747	45,000	45,000
1900	Professional and Specialized Services	146,141	168,737	401,840	401,840
1901	Data Processing Services	3,576	1,500	0	0
1911	CWCAP Charges	156,150	136,823	190,200	190,200
2100	Rents and Leases - Equipment	15,274	11,953	13,000	13,000
2200	Rents and Leases - Buildings and Improvements	2,660	2,640	5,000	5,000
2400	Special Departmental Expense	2,149	6,087	10,000	10,000
2405	Optional Benefit Plan	12,000	12,000	12,000	12,000
2600	Transportation and Travel - General	0	0	500	500
2700	Transportation and Travel - Meetings/ Conferences	1,064	4,704	5,000	5,000
2800	Utilities	0	5,986	8,000	8,000
2801	Utilities - Purchased Electricity	0	7,773	12,000	12,000
2802	Utilities - Purchased Gas	0	5	50	50
2803	Utilities - Purchased Water	0	190	300	300
2890	Intra-Agency Services & Supplies Billing Offsets	(3,014)	(3,540)	(4,109)	(4,109)
Total Services & Supplies		10,189,610	9,653,524	11,024,321	11,024,321
Other Charges					
3500	Judgments and Damages	9,402,759	8,999,613	20,795,491	20,795,491
Total Other Charges		9,402,759	8,999,613	20,795,491	20,795,491
Fixed Assets					
4000	Equipment	0	0	200,000	200,000
Total Fixed Assets		0	0	200,000	200,000
Miscellaneous					
5300	Depreciation	1,089	1,089	1,089	1,089
Total Miscellaneous		1,089	1,089	1,089	1,089
Total Operating Expenses		20,516,111	19,550,781	33,054,403	33,054,403
Net Operating Income (Loss)*		(6,372,381)	(3,565,237)	(13,406,337)	(13,406,337)
NON-OPERATING REVENUE					
6610	Interest	388,928	551,834	550,000	550,000

## Operation of Internal Service Fund Operational Statement for the Fiscal Year 2005-2006

		FY 2003-2004	FY 2004-2005	FY 2005-2006	FY 2005-2006
Operating Detail		Actual	Estimate	Proposed Budget	Final Budget
(1)		(2)	(3)	(4)	(5)
7670	Miscellaneous Revenue	372,912	193,032	300,000	300,000
7680	Six-Month Expired (Outlawed) Checks	100	1,915	0	0
<b>Total Non-Operating Revenue</b>		<b>761,940</b>	<b>746,781</b>	<b>850,000</b>	<b>850,000</b>
<b>NON-OPERATING EXPENSES</b>					
1912	Investment Administrative Fees	29,967	35,465	50,000	50,000
<b>Total Non-Operating Expenses</b>		<b>29,967</b>	<b>35,465</b>	<b>50,000</b>	<b>50,000</b>
<b>Net Non-Operating Income (Loss)</b>		<b>731,973</b>	<b>711,316</b>	<b>800,000</b>	<b>800,000</b>
<b>Income (Loss) Before Contributions &amp; Transfers*</b>		<b>(5,640,408)</b>	<b>(2,853,921)</b>	<b>(12,606,337)</b>	<b>(12,606,337)</b>
<b>FIXED ASSET EXPENDITURES</b>					
4000	Equipment	0	0	200,000	200,000
<b>Total Fixed Asset Expenditures</b>		<b>0</b>	<b>0</b>	<b>200,000</b>	<b>200,000</b>
<b>STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED</b>					
Income (Loss) Before Contributions & Transfers		(5,640,408)	(2,853,921)	(12,606,337)	(12,606,337)
4801	Interfund Transfers Out - to Funds 101-199	0	0	(50,000)	(50,000)
Changes to Reserves - Encumbrance - (Inc)/Dec.		2,254	1,847	0	0
Changes to Reserves - Net Assets, Invested in Capital Assets, Net of Related Debt (Inc)/Dec.		1,089	1,089	1,089	1,089
<b>Increase (Decrease) in Net Assets - Unrestricted</b>		<b>(5,637,065)</b>	<b>(2,850,985)</b>	<b>(12,655,248)</b>	<b>(12,655,248)</b>
<b>Net Assets - Unrestricted - Beginning of Year</b>		<b>21,143,298</b>	<b>15,506,233</b>	<b>12,655,248</b>	<b>12,655,248</b>
<b>Net Assets - Unrestricted - End of Year</b>		<b>15,506,233</b>	<b>12,655,248</b>	<b>0</b>	<b>0</b>

\*Note - The County has adopted a policy of including in the fiscal year-end expense accruals an amount equal to claims "incurred but not reported" (IBNR) as well as reported claims.